

Life is like a box of Chocolates

Sara Carr Newsom HCCP®

Vice-President, TheoPRO Compliance & Consulting, Inc.



Low Income Housing Tax Credits

- Competitive application process with State Housing Finance Agency
- Tax Credit, no direct funding
- Comply with Section 42 of IRC
- Funds limited to \$1.82 per capita
- 9% or 4% credits

Low Income Housing Tax Credits

- Competitive application process with State Housing Finance Agency
- Tax Credit, no direct funding
- Comply with Section 42 of IRC
- Funds limited to \$1.82 per capita
- 9% or 4% credits

HOME Financing

- Federal funds
- Apply thru local PJ or State
- Funds limited
- Match required
- Grants or Loans
- Zero% to AFR
- Comply with Final Rule CFR 92

HOME Basic requirements

- Must comply with federal requirements including
- Uniform Relocation Act
- Section 504 of the Rehabilitation Act of 1973
- Americans with Disabilities Act
- Fair Housing Act
- Multiple occupancy targets (50%, 60%, 80%)
- 20% of the HOME units must be leased to VLI
- Rents must comply with Low and High HOME rents
- Property must comply with HQS

Combining HOME and LIHTC

- Remove HOME funds from basis
- HOME funds at market interest rate (AFR)
- HOME funds at below AFR

Compliance Issues

- May have separate allocating and monitoring agencies
- Increased oversight by monitoring agency
- Must comply with most restrictive occupancy and rent requirements
- Two sets of documents
- Occupancy targets met by building
- 40/50 occupancy set aside per building possible

Bonds

- Tax exempt/taxable bonds possible
- Apply thru local or State agency
- Private activity bond cap
- Additional state restrictions possible
- Occupancy set asides
- Rents
- Services

Combining Bonds and Credits

- 4% credits
- Must finance 50% or more with bonds to qualify outside cap
- % Low Income Occupancy must be maintained thru lease up

Compliance Issues

- Similar to tax credit compliance
- Student exceptions limited
- Available unit & unit vacancy rule project vs. building
- Two sets of documents
- Duplication of fees possible
- Occupancy targets met by building

Independent Consultants

- Independent measure of compliance
- Measures staff knowledge and capacity
- Training tool for staff
- Establishes good habits breaks bad habits
- Streamlines/improves/processes
- Identifies compliance issues prior to state/lender/syndicator reviews

Consultants cont.

- Allows timely correction
- Identifies processes that could lead to non-compliance
- Less expensive than hiring compliance staff
- Knowledgeable, capable, competent
- Realistic view of compliance status